

Potential Policy Findings and Recommendations of the Economic Development Task Force

Revised November 1, 2013 – underlined information represents new language or ideas added to this draft.

1. Economic Development Generally

Policy Finding – Utah’s economic resilience is strengthened by the existence of many different types of businesses and industries. An economically diverse economy provides a balanced portfolio of industries that helps provide a hedge against boom-and-bust economic cycles. A chief focus of Utah’s economic-development efforts should be improving the state’s competitive position regarding business-location criteria, including improvements in the following areas: business climate; sector diversity; availability of skilled and professional workforce; quality educational systems; transportation, water, and energy infrastructure; the standard of living and quality of life of Utah’s residents; and tax policy.

Recommendations:

- a. Utah should shift to a holistic economic-development strategy adapted to the new demands being placed on state and local government that provides for regular and systematic collaboration between the Utah Governor’s Office of Economic Development (GOED), municipal and county economic development offices, and other economic development entities.
- b. Utah policy makers and business leaders should support the implementation of the Envision Utah Quality Growth Strategy through state and local government collaboration and cooperation.
- c. The Legislature should implement a long-term planning process for Utah policymakers in a biennial or annual workshop that focuses on long-term planning and budgeting by state and local-government agencies and educational institutions.
- d. The Legislature should assign appropriation subcommittees as the point for long-term budgeting by agencies in their legislative oversight areas, and assign interim committees as the point for long-term policy making for agencies in their legislative oversight areas.
- e. The Economic Development and Workforce Services Interim Committee should study effective ways to improve economic development results using established matrices.
- f. The Legislature should continually evaluate staffing and resources for GOED and determine whether additional resources and support are needed to maintain and increase GOED’s competitive advantage over other states.

2. Business Regulations, Tax Policy, and Incentives

Policy Finding – Support of established Utah business should be a top priority. The continued growth and expansion of established Utah businesses is vital to economic success in the state. Businesses thrive when the economic and business environment is favorable. Creating and maintaining business friendly conditions will assist in creating an economy that delivers job growth, income growth, and an improved standard of living for Utah’s citizens.

Recommendations:

- a. The state should undertake comprehensive sales, property, and corporate income tax reform to ensure that tax policy removes barriers to businesses and encourages economic growth, quality job creation, and investment. Tax reform should address:
 - i. adequate funding of both state and local government to improve economic growth, job creation education, and the provision and maintenance of government infrastructure and services; and
 - ii. reducing or removing sales tax of manufacturing inputs for Utah's manufacturers.
- b. The Legislature and the Governor should implement an ongoing process to evaluate—and when needed modify or eliminate—government business regulations in order to maintain the proper balance between supporting a positive business environment and protecting Utah residents.
- c. GOED should establish and implement a program to provide expertise to assist rural municipalities and counties in developing strategic economic-development plans that, through incentives, encourage expansion of Wasatch Front businesses into rural areas in support of each rural community's strategic economic-development plan.
- d. Supporting the growth of established Utah businesses, large and small, should be a top priority. The state should expand its programs to encourage existing businesses to:
 - i. expand in Utah;
 - ii. collaborate with other Utah business; and
 - iii. participate in Utah business cluster programs.
- e. The Legislative Audit Subcommittee should consider requesting that [or request] the Legislative Auditor General audit current state incentive programs to evaluate their cost-effectiveness and success in getting new businesses to locate in Utah over other states.
- f. The Legislature and the Governor should provide for a comprehensive reform of business-incentive programs to allow for greater flexibility related to the following: creation of quality jobs; promotion of Utah businesses; efficient use of water, energy, and other resources; and the provision of efficient and effective government services required for new and expanding businesses. To effectively measure and compare results of business-incentive programs and ensure the efficient use of government resources, the comprehensive reform should include requirements regarding the transparent governance of the programs, including comprehensive reporting standards that use standardized metrics.
- g. The Legislature should allow local government to offer property-tax incentives to specific businesses under certain criteria.

3. Manufacturing

Policy Finding – Manufacturing is underutilized [or should be reinforced] as an economic engine in the state. By adding value from start to finish, manufacturing fuels economic growth in many sectors of the economy, including mining, transportation, warehousing, and retail. In all levels of industry, including STEM-related fields, manufacturing and other primary industries need skilled operators, including maintenance technicians, set-up technicians, assembly and

test technicians, logistics experts, process development engineers, process automation engineers, machinists, and welders.

Recommendations:

- a. The Legislature and the State Board of Education should work together to:
 - i. provide more technical-training opportunities in secondary schools, including the development of a second high-school graduation track for those seeking technical-education training;
 - ii. develop and implement a state-wide marketing campaign to attract students to enroll in applied technical colleges or to pursue other manufacturing related post-secondary degrees;
 - iii. fund additional capacity in technical-training schools; and
 - iv. establish an enhanced program for apprenticeships.
- b. GOED should develop an economic strategy to assist in the expansion of manufacturing and other primary industries in Utah with a strategic goal of doubling [or increasing] the percentage of Utah's share of the National Gross Domestic Product related to manufacturing.

4. Tourism

Policy Finding – The Utah tourism industry delivers billions of dollars in out-of-state spending, which in turn provides millions of dollars in state and local tax revenue. Additionally, tourism creates jobs and attracts new business, industry, and talent into the state. Travelers spent \$7.4 billion in 2012, generating some \$960 million in state and local tax revenues. With a product mix that is second to none in the United States, the Utah tourism industry has significant growth potential without the public costs of other industries.

Recommendations:

- a. The Legislature should support Utah's tourism marketing programs (marketing and branding) through investing in the Tourism Marketing Performance Fund by amending the formula-based portion of the state sales tax so that the performance based fund receives up to \$30 million annually, phased in over the next six years.
- b. GOED should assist appropriate agencies in improving the welcoming experience at Utah's airports and highways by investing in signage and related infrastructure, and by supporting the working committee of the Utah Department of Transportation and the Utah Office of Tourism in improving the five Utah welcome centers.
- c. Utah should develop an investment strategy that helps local communities build the infrastructure needed to attract tourism spending, including investment in: hiking and biking trails; conference centers; hotels; scenic highways; and other basic facilities that will attract visitors.

5. Education and Workforce Development

Policy Finding – A skilled and educated workforce is the foundation of economic and labor development. Utah must prepare workers to compete in the constantly evolving job

market by developing and implementing strategies to improve all aspects of Utah's education system, including ensuring that it is innovative and sufficiently funded.

Recommendations:

- a. The state should harness existing legislative and executive branch efforts, such as the Education Task Force and Prosperity 2020, to develop and implement a specific long-term plan for early childhood education, public education, higher education, and technical education.
- b. The Legislature should consider providing for an increase in the number and training of college and career counselors in public schools to help students plan for their postsecondary education or other training, make informed career choices, navigate the application and financial aid process, and be better informed and prepared regarding prerequisite courses and admissions exams.
- c. The Legislature should provide incentives for businesses and government to provide more internships and entry-level opportunities for students and recent graduates.
- d. The Department of Workforce Services and other knowledgeable entities should improve efforts to enable students to choose and plan careers by providing information on occupations, including the demand, income potential, and educational and training requirements for potential careers.
- e. The state should support efforts to:
 - i. ensure students are educated in financial literacy;
 - ii. refine general-education requirements for the 21st century;
 - iii. establish stackable credentials in higher education; and
 - iv. move toward a pay-for-performance model of education funding rather than a model based on the number of students.
- f. The state should work with the Governor's Multicultural Commission to leverage growth in our demographically diverse workforce and thereby increase our competitive position in the global marketplace.

6. Air Quality

Policy Finding – Utah is a beautiful place to work and live because of its mountain and valley topography. However, this unique topography, coupled with temperature inversions during some months, contributes to poor air quality. If unaddressed, poor air quality is a threat to the state's economic development and continued growth. Poor air quality adversely affects corporate relocation efforts and public health, places additional regulatory burdens on business, increases health care costs, and places Utah's federal highway funding at risk. Accordingly, improving air quality should be a priority for state and local government, Utah's businesses, and Utah's citizens.

For Policy Finding -- Poor air quality negatively impacts Utah's economic development and continued growth. Poor air quality adversely affects corporate relocation efforts, places additional burdens on business, harms the health of some citizens, increases health care costs, and places Utah's federal highway funding at risk. Accordingly, improving air quality should be a priority for state and local government, Utah's businesses, and Utah's citizens.]

Recommendations:

- a. The Legislature and the governor should support the Utah Clean Air Partnership (UCAIR) and encourage additional public and private entities to support and actively participate in the partnership.
- b. The Natural Resources, Agriculture, and Environment Interim Committee should carefully review the Division of Air Quality's State Implementation Plan and encourage the division to further its educational outreach to Utah's citizens by publicizing substantive steps the public can take to improve air quality.
- c. The Legislature should support increased funding to the Division of Air Quality for both improved permitting and enforcement efforts and for additional research regarding solutions to Utah's unique air-quality issues.
- d. The Natural Resources, Agriculture, and Environment Interim Committee should work with UCAIR, the Division of Air Quality, and other interested parties to determine and promote best practices to reduce air pollution by government entities, schools, businesses, and citizens.
- e. The Legislature and the governor should establish a state resource or sustainability director to coordinate, share, and help implement best practices by state agencies for improving air quality and conserving resources.
- f. The Legislature should modify the existing Clean Fuels and Vehicle Technology Program to allow electric-hybrid vehicles to be eligible for the program and create the Clean Air Retrofit, Repower, and Off-road Technology Fund (CARROT) to:
 - i. provide grant money for heavy-duty diesel retrofits, repowers, and replacements;
 - ii. provide grant money for the installation of technologies that have been verified to reduce air emissions; and
 - iii. develop programs to encourage the replacement of landscaping, maintenance, and other equipment with cleaner alternatives.
- g. The Legislature should encourage the use of electric vehicles by amending the public utility provisions in the Utah Code to provide that the definition of "public utility" does not include entities that sell electricity to charge electric vehicles.
- h. The Legislature should provide or encourage fleet incentives, idle management systems, and manufacturing tax credits for clean air technology production.

7. Infrastructure

Policy Finding – The state and its political subdivisions should ensure that Utah's infrastructure (public facilities) is sufficient for future needs by making planned, strategic, and continuous investments in transportation, water, and communications infrastructure. Government should "focus on doing those things the government is designed to do and do them well. If government does its part effectively, individuals and businesses will efficiently produce and exchange goods and services and create their own jobs and increase their own wealth."¹

¹ Quoted from State Economic Coordinating Committee, *Economic Report to the Governor 1991*, Utah Office of Planning and Budget.

Recommendations:

- a. Utah should invest in transportation infrastructure by implementing Utah's Unified Transportation Plan, which recommends \$11.3 billion investment beyond the state's currently planned investments in "priority projects" between now and 2040.
- b. The Transportation Interim Committee should consider additional state support for enlarging and improving the state's mass-transit system to alleviate traffic congestion created by growth and to improve air quality.
- c. The Natural Resources, Agriculture, and Environment Interim Committee should study the proposed Lake Powell Pipeline and the Bear River Project and make a recommendation to the Legislature, including its recommendation regarding state participation in financing the projects.
- d. The state should support infrastructure replacements and upgrades for water, natural gas, and power distribution networks and storage facilities to ensure availability and the capacity for future growth.
- e. The state should support efforts to increase the number and availability of natural gas and electric vehicle fueling and charging stations in order to make cleaner-energy alternatives more available to Utah consumers and businesses.
- f. The state should support efforts to increase funding for county and city transportation infrastructure, including B and C road construction and maintenance.